

Message Text

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PAGE 01 PANAMA 02417 01 OF 02 071320Z

41

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TO SECSTATE WASHDC PRIORITY 7311

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USUN NEW YORK 526

C O N F I D E N T I A L SECTION 1 OF 2 PANAMA 2417

E.O. 11652: GDS

TAGS: PINT, PFOR, PN

SUBJECT: THE MINISTERIAL CHANGES: I AN OVERVIEW

REF: PANAMA 2328

SUMMARY: THE RECENT GOP MINISTERIAL CHANGES DO NOT, IN OUR VIEW, SIGNAL ABRUPT CHANGES IN PANAMA'S DOMESTIC OR FOREIGN POLICIES OR IN TORRIJOS' ATTITUDE TOWARD THE TREATY NEGOTIATIONS. THEY DO REPRESENT, HOWEVER, A CONTINUATION OF THE SHIFT TOWARD MODERATION IN DOMESTIC POLICIES, RECOGNITION OF A NEED FOR AFFECTIVE MINISTERIAL LEADERSHIP AND AN IMPLICIT REAFFIRMATION OF TORRIJOS' DESIRE TO COMPLETE NEGOTIATIONS FOR A NEW CANAL TREATY. END SUMMARY.

1. THIS MESSAGE PROVIDES OUR ASSESSMENT OF THE OVERALL SIGNIFICANCE OF THE RECENT CHANGES IN PANAMA'S TOP FOREIGN AFFAIRS OFFICIALS AND IN THE MINISTRIES OF HOUSING AND OF GOVERNMENT AND JUSTICE. SUBSEQUENT CABLES WILL PROVIDE INFORMATION AND ANALYSIS IN GREATER DEPTH ON THE SIGNIFICANCE OF JUAN TACK'S DEMISE AND AQUILINO BOYD'S APPOINTMENT AS FOREIGN MINISTER. WE UNDERSTAND THAT NEITHER BOYD NOR TOMAS ("FITO") ALTAMIRANO DUQUE, THE
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PAGE 02 PANAMA 02417 01 OF 02 071320Z

NEW HOUSING MINISTER, WERE CONSULTED IN ADVANCE OF THE

PUBLIC ANNOUNCEMENT OF THEIR APPOINTMENTS.

2. PANAMANIAN GENERALLY REGARD THE CHANGES AS REPRESENTING A SHIFT RIGHTWARD, OR AS ONE RADIO NEWSCASTER PUT IT, TORRIJOS IS NOW BEGINNING TO "RELY ON TRADITIONALISTS." THE CHANGES CONTINUE A TREND TOWARD MODERATION WHICH HAS BEEN UNDERWAY SOME MONTHS. ALSO TORRIJOS IS TRYING TO GIVE ADMINISTRATIVE VIGOR AND EFFICIENCY TO MINISTRIES WHICH HAVE RECENTLY LACKED EFFECTIVE LEADERSHIP. THE FOREIGN RELATIONS AND HOUSING MINISTRIES HAD ACTING MINISTERS FOR MONTHS, AND THE INCOMPETENCE OF MINISTER RICARDO RODRIGUEZ AS MINISTER OF GOVERNMENT AND JUSTICE WAS NOTORIOUS. TORRIJOS PROCRASTINATED IN MAKING NECESSARY CHANGES, HOWEVER, AS HE WAS UNDER PRESSURE FROM COMPETING POWER GROUPS WITHIN HIS REGIME WHICH HAD BEEN URGING HIM TO APPOINT THEIR PARTICULAR CANDIDATES.

3. IT NOW APPEARS THAT THE MODERATES HAVE PREVAILED AGAIN AS THEY DID WITH JULIO SOSA'S APPOINTMENT AS MINISTER OF COMMERCE AND INDUSTRIES IN NOVEMBER 1975. THESE LATEST APPOINTMENTS ARE WELCOMED BY THE PRIVATE SECTOR. TORRIJOS IS UNDOUBTEDLY HOPEFUL THAT THEY WILL HELP TO CREATE SUFFICIENT CONFIDENCE AMONG BUSINESSMEN FOR THEM TO BEGIN INJECTING BADLY NEEDED CAPITAL INTO THE ECONOMY. A HIGH GOP OFFICIAL TOLD EMBOFF, HOWEVER, THAT ALTHOUGH THESE LATEST PERSONNEL CHANGES SHOULD REASSURE THE PRIVATE SECTOR, THEY DO NOT SIGNIFY AND DIMINUTION OF TORRIJOS' COMMITMENT TO THE REFORM GOALS OF THE PANAMANIAN REVOLUTION. SAME OFFICIALS SAID THEY INDICATE THAT PANAMA DOES NOT INTEND TO FOLLOW CUBAN METHODS.

4. HAD TORRIJOS ABRUPTLY FIRED FOREIGN MINISTER TACK LAST YEAR, HE WOULD HAVE CREATED POLITICAL PROBLEMS FOR HIMSELF AND FOR THE TREATY NEGOTIATIONS. TACK'S REPUTATION AS A NATIONALIST, HIS GENERALLY KNOWN RELUCTANCE TO ACCEPT SOME OF THE COMPROMISES TORRIJOS WAS MAKING IN THE TREATY NEGOTIATIONS, AND HIS LINKS WITH CERTAIN STUDENT GROUPS MADE IT DIFFICULT, IF NOT IMPOSSIBLE, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PANAMA 02417 01 OF 02 071320Z

TO FIRE HIM OR ACCEPT HIS RESIGNATION AT THAT TIME WITHOUT GIVING IMPETUS TO A STRONG NATIONALIST REACTION AND TO CHARGES THAT TORRIJOS WAS "SELLING OUT" TO THE U.S. BUT DURING THE PAST YEAR TACK'S PRESTIGE AND INFLUENCE DECLINED. IN RETROSPECT, THE SLOW EROSION OF TACK'S PRESTIGE SEEMS TO HAVE BEEN DELIBERATELY ORCHESTRATED BY HIS OPPONENTS, WITH TORRIJOS' BLESSING. NEWSPAPERS IDENTIFIED HIM WITH THE NEGOTIATIONS, BUT

OTHERWISE IGNORED HIM. REPORTS OF HIS HAEAVY DRINKING AND ERRATIC BEHAVIOR CONTRIBUTED TO THE DECLINE IN HIS PUBLIC STATURE. THUS, TACK'S POTENTIAL TO CAUSE TROUBLE DIMINISHED THROUGHOUT THE YEAR. MEANWHILE HE MADE NO SECRET OF HIS DESIRE TO QUIT. OF THIS, A HIGH FOREIGN MINISTRY TREATY ADVISER TOLD EMBOFF THAT TACK HAD BEEN DOING EVERYTHING HE COULD TO FORCE TORRIJOS TO FIRE HIM OR LET HIM RESIGN.

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PAGE 01 PANAMA 02417 02 OF 02 071330Z

41

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C O N F I D E N T I A L SECTION 2 OF 2 PANAMA 2417

5. AQUILINO BOYD AS FOREIGN MINISTER WILL HAVE RESPONSIBILITY FOR CONDUCTING THE NEGOTIATIONS. HE IS EXPECTED TO GIVE NEW AND MORE VIGOROUS DIRECTION TO THE FOREIGN MINISTRY THAN IT HAS RECEIVED DURING THE PAST YEAR. POSITIVE FACTORS, INCLUDING HIS EXTENSIVE EXPERIENCE, SKILL, CONSERVATIVE POLITICAL ORIGINS AND THE ESTEEM IN WHICH HE IS HELD BY MANY IN PANAMA OUTWEIGHT THE POTENTIALLY NEGATIVE FACTORS OF HIS GREAT AMBITION, OPPORTUNISM AND OCCASIONAL EMOTIONALISM. HE CAN BE EXPECTED TO INCREASE THE FOREIGN MINISTRY'S CONTROL OVER MULTILATERAL AFFAIRS IN THE UNITED NATIONS. EMBASSY SOURCES INDICATE HE RECOGNIZES THAT COMPROMISES WILL BE NECESSARY TO CONCLUDE A NEW CANAL TREATY.

6. AS A LATE-COMER TO THE NEGOTIATIONS HE WILL BE UNDER PARTICULAR PRESSURE TO SHOW SOME VISIBLE SUCCESS SOON. QUITE INDEPENDENT OF THIS, OTHER FACTORS ARE BEGINNING TO MAKE THEMSELVES FELT HERE AND MAY HAVE AN IMPACT ON THE NEGOTIATING ATMOSPHERE. THE LACK OF NEWS OF PROGRESS IN THE NEGOTIATIONS FOR MONTHS NOW HAS GIVEN THE IMPRESSION, TO THE PANAMANIAN PUBLIC AT LEAST, THAT THE NEGOTIATIONS HAVE STALLED. THE RETURN OF STUDENTS
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PAGE 02 PANAMA 02417 02 OF 02 071330Z

TO CLASSES APRIL 5 AFTER A 3-MONTH VACATION ADDS A NEW DIMENSION OF PRESSURE ON BOYD AND ON TORRIJOS TO SAY SOMETHING ABOUT OR SHOW VISIBLE PROGRESS IN THE NEGOTIATIONS. WE HAVE NOTED A RASH OF GRAFFITI RECENTLY BY MEMBERS OF THE SOCIALIST REVOLUTIONARY FRACTION (FSR) AND THE REVOLUTIONARY STUDENT FRONT (FER) DEMANDING THE RETURN OF MIGUEL BERNAL AND THE REJECTION OF U.S. MILITARY BASES IN ANY NEW TREATY. THE STUDENTS MAY BE MORE MILITANT THAN THEY WERE LAST YEAR.

7. JORGE ILLUECA AS UN AMBASSADOR WILL BE PROFESSIONAL AND COMPETENT. WITH BOYD AS FOREIGN MINISTER, ILLUECA WILL RELY ON THE MINISTRY FOR GUIDANCE MORE THAN BOYD DID. ILLUECA HAS BEEN READILY ACCESSIBLE AND PERSONALLY FRIENDLY TOWARD EMBASSY OFFICERS, BUT HARBORS DEEP RESENTMENTS OVER THE 1903 TREATY. JUST AS WITH BOYD WE CAN EXPECT VITRIOLIC SPEECHES ON THE CANAL ISSUE FROM HIM.

8. TOMAS ("FITO") ALTAMIRANO DUQUE HAS A REPUTATION AS A CONSERVATIVE AND IN FACT WAS ONCE JAILED EARLY IN THE TORRIJOS REGIME. EVEN DURING THE PAST YEAR EMBOFFS HAVE HEARD HIM CRITICIZE CERTAIN ACTIONS OF THE GOP; NEVERTHELESS, HE HAS COLLABORATED WITH THE GOVERNMENT IN CERTAIN AREAS. HE HAS SERVED AS DIRECTOR OF THE NATIONAL INSTITUTE OF SPORTS(INDE). AS DIRECTOR AND CO-OWNER (WITH OTHER MEMBERS OF HIS FAMILY) OF THE SEMI-INDEPENDENT NEWSPAPERS "LA ESTRELLA" AND THE "STAR AND HERALD" HE HAS STEERED AWAY FROM DIRECT CRITICISM OF THE GOVERNMENT. SOME BANKERS REPORTEDLY WOULD HAVE PREFERRED TO HAVE A BANKER IN CHARGE OF THE HOUSING MINISTRY BECAUSE, IN THEIR VIEW, PANAMA'S HOUSING PROBLEM IS BASICALLY ONE OF ARRANGING ADEQUATE FINANCING FOR NECESSARY CONSTRUCTION, BUT OVERALL HIS APPOINTMENT HAS BEEN WELCOMED BY THE PRIVATE SECTOR AND CONSERVATIVES. WE EXPECT THAT HE WILL GIVE RELATIVELY INDEPENDENT AND VIRGOROUS DIRECTION TO THE MINISTRY AND ITS PROGRAMS. HE HAS BEEN FRIENDLY TOWARD THE U.S. AND AMERICANS. REPORTEDLY, THE NATIONAL GUARD G-2, LT. COL. MANUEL NORIEGA SPONSORED

HIS CANDIDACY.

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PAGE 03 PANAMA 02417 02 OF 02 071330Z

9. THE NEW MINISTER OF GOVERNMENT AND JUSTICE JORGE CASTRO IS A FORMER "ARNULFISTA" AND EX-MEMBER OF THE PANAMANISTA PARTY. WHILE HE NEVER WAS IN ARNULFO ARIAS' INNER CIRCLE, HE DID SERVE AS GOVERNOR OF LOS SANTOS PROVINCE, VICE MINISTER OF THE TREASURY, AND AS A DEPUTY IN THE NATIONAL ASSEMBLY IN PRE-TORRIJOS GOVERNMENTS. HE HAS OCCUPIED LEADERSHIP POSTS IN THE CHAMBER OF COMMERCE AND LIONS CLUB. HE SERVED FOR A TIME AS TORRIJOS' AMBASSADOR TO BRAZIL. HE TOO IS REGARDED AS MUCH MORE CONSERVATIVE THAN HIS PREDECESSOR. OPPORTUNISM, ACCORDING TO ONE SOURCE, IS A KEY TRAIT IN CASTRO'S CHARACTER.

10. COMMENT: THESE CABINET CHANGES REPRESENT AN EFFORT BY TORRIJOS TO GIVE MORE VIGOROUS AND EFFICIENT LEADERSHIP TO CERTAIN MINISTRIES. THEY CONTINUE A TREND TOWARD MODERATION WHICH BEGAN LAST YEAR AND WHICH WAS TEMPORARILY INTERRUPTED BY THE CONFRONTATION BETWEEN GROUPS OF THE PRIVATE SECTOR AND THE GOVERNMENT OVER TORRIJOS' DECISION TO EXPEL 14 PANAMANIAN FROM THE COUNTRY. AQUILINO BOYD UNDOUBTEDLY UNDERSTANDS THE U.S. BETTER THAN HIS PREDECESSOR AND REPORTEDLY RECOGNIZES THAT COMPROMISES WILL BE NECESSARY TO GET THE U.S. TO AGREE TO A TREATY AT THIS TIME. A POTENTIAL PROBLEM IS HIS PENCHANT FOR BOMBASTIC SPEECHES, BUT HOPEFULLY IN HIS NEW ROLE HE WILL CURB THIS TENDENCY. BOYD'S SELF-CONFIDENCE, SKILL, EXPERIENCE AND AMBITION WILL MAKE HIM A FORMIDABLE ADVOCATE OF PANAMA'S POSITION IN THE CANAL TREATY NEGOTIATIONS. EMBASSY POLITICAL COUNSELOR, IN SEVERAL CONVERSATIONS WITH BOYD DURING PAST YEAR, RECEIVED IMPRESSION THAT BOYD WILL BE INCLINED TO BE HARD LINE ON MILITARY BASE ISSUE. WE BELIEVE, HOWEVER, THAT BOYD IS GENERALLY FAVORABLY DISPOSED TOWARD THE U.S. ONE PANAMANIAN RECENTLY TOLD US, "BOYD IS PRO-AMERICAN BUT ANTI-EMPIRE."
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